

Message Text

UNCLASSIFIED

PAGE 01 BONN 01747 311737Z

51

ACTION EUR-12

INFO OCT-01 ISO-00 AGR-10 SAJ-01 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-01 INR-07 NSAE-00 RSC-01 CIEP-02

SP-02 STR-04 TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 SS-15

NSC-05 /081 W

----- 114465

R 311724Z JAN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7650

INFO USMISSION EC BRUSSELS

UNCLAS BONN 01747

DEPARTMENT PASS AGRICULTURE FOR GOODMAN GRAIN AND FEED

E.O. 11652: N/A

TAGS: EAGR, GW

SUBJECT: FRG SUPPORTS EC COMMISSION PROPOSAL TO WIDEN
DIFFERENCE BETWEEN TARGET AND INTERVENTION PRICES FOR
WHEAT.

1. BEGIN SUMMARY:

PARLIAMENTARY SECRETARY FOR AGRICULTURE LOGEMANN TOLD
THE BUNDESTAG RECENTLY THAT THE FRG WOULD SUPPORT AN
EC COMMISSION PROPOSAL TO INCREASE THE SPREAD BETWEEN
THE TARGET PRICE AND INTERVENTION PRICE FOR WHEAT IN
ORDER TO ENCOURAGE QUALITY WHEAT PRODUCTION IN GERMANY.
TRADE SOURCES BELIEVE THE COMMISSION HAS PROPOSED A TEN
PERCENT INCREASE IN THE TARGET PRICE AND A NINE PERCENT
INCREASE IN THE INTERVENTION PRICE WHICH WOULD ENCOURAGE
PRODUCTION OF QUALITY WHEAT AT THE EXPENSE OF IMPORTS
FROM THE U.S. AND OTHER THIRD COUNTRIES. THIS PRICING
METHOD IS SIMILAR TO THE SYSTEMATIC WIDENING OF THE
DIFFERENCE BETWEEN THE INTERVENTION PRICE AND THRESHOLD
PRICE FOR DURUM THAT HAS CONTRIBUTED TO THE DECLINE IN
FRG IMPORTS OF U.S. AND OTHER THIRD COUNTRY DURUM.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 01747 311737Z

END SUMMARY.

2. AN OPPOSITION MEMBER OF THE BUNDESTAG PRESENTED THE FOLLOWING QUESTION IN WRITING TO PARLIAMENTARY SECRETARY OF AGRICULTURE LOGEMANN: QUOTE WHAT MEASURES DOES THE FRG PLAN TO INITIATE IN ORDER THAT QUALITY WHEAT OBTAIN A MARKET PRICE APPROPRIATE FOR ITS QUALITY UNQUOTE. LOGEMANN RESPONDED IN ESSENCE THAT THE FRG CONTINUES TO BE READY TO SUPPORT THE PRICE LEVEL FOR DOMESTIC QUALITY WHEAT THROUGH PURCHASES FOR THE FEDERAL RESERVE IF NECESSARY. HE POINTED OUT THAT DOMESTIC QUALITY WHEAT HAS BEEN WELL ACCEPTED BY THE MILLING INDUSTRY THIS YEAR DESPITE LOWER QUALITY COMPARED TO LAST YEAR. HE ALSO CITED PREMIUMS OF UP TO DM 40 PER TON THAT BENEFITED PRODUCERS DURING THE MONTHS OF QUOTE BOOMING UNQUOTE WORLD PRICES. HIS CLOSING REMARKS WERE QUOTE THE FRG SUPPORTS THE EC COMMISSION IN THE CURRENT PRICE NEGOTIATIONS IN BRUSSELS TO INCREASE THE SPREAD BETWEEN TARGET AND INTERVENTION PRICES FOR WHEAT. THIS MEASURE IS APT TO INCREASE THE PRICE LATITUDE FOR QUALITY WHEAT UNQUOTE.

3. TRADE SOURCES BELIEVE THE EC HAS PROPOSED INCREASING THE WHEAT TARGET PRICE BY TEN PERCENT AND THE INTERVENTION PRICE BY NINE PERCENT, WHICH IF ACCEPTED, WOULD WIDEN THE SPREAD TO U.A. 14.79 OR ALMOST DOUBLE THE U.A. 7.50 IN EFFECT IN 1970/71. THE PROPOSAL FOR WHEAT WOULD BE SIMILAR TO EC PRICE POLICIES USED IN THE PAST TO DISADVANTAGE U.S. AND OTHER THIRD COUNTRY DURUM.

4. BECAUSE GERMANY IS NOT A DURUM PRODUCER, GERMAN MILLS MUST RELY PRIMARILY ON THIRD COUNTRIES IMPORTING DURUM ACQUIRED AT THE HIGHER THRESHOLD PRICE TO MEET THEIR SEMOLINA AND PASTA NEEDS. FRENCH AND ITALIAN MILLS HOWEVER, CAN ACQUIRE DOMESTIC DURUM SUPPLIES AT SLIGHTLY ABOVE THE INTERVENTION PRICE, PROCESS INTO SEMOLINA AND PASTA, AND SELL INTO THE GERMAN MARKET BELOW GERMAN MILL PRICES. THIS IS MADE POSSIBLE AND ENCOURAGED BY INCREASING THE DIFFERENCE BETWEEN INTERVENTION PRICE AND THRESHOLD PRICE. THAT DIFFERENCE HAS INCREASED FROM U.A. 5.63 IN 1970/71 TO U.A. 13.93 IN UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BONN 01747 311737Z

1974/75.

5. IMPORTS OF FRENCH AND ITALIAN DURUM PRODUCTS WHICH INCLUDE SEMOLINA FLOUR AND PASTA PRODUCTS HAVE RISEN FROM 20,000 TONS IN 1969 TO 60,000 TONS IN 1973. IMPORTS OF FRENCH DURUM HAVE ALSO INCREASED , FROM 7,000 TONS IN 1970/71 TO AN ESTIMATED 40,000 TONS IN 1974/75.

6. AS A CONSEQUENCE OF THESE POLICIES, TOTAL FRG DURUM
IMPORTS DECLINED FROM 354,000 TONS IN 1970/71 TO
254,000 TONS IN 1973/74. IMPORTS FROM THE U.S. ALSO
SUFFERED, FALLING FROM 130,000 TONS TO 48,000 TONS IN
THE SAME PERIOD.
HILLENBRAND

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, WHEAT, IMPORTS, PRICE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BONN01747
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750037-0044
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975014/aaaaacztc.tel
Line Count: 121
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 14 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 APR 2003 by MarshK0>; APPROVED <25 FEB 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRG SUPPORTS EC COMMISSION PROPOSAL TO WIDEN DIFFERENCE BETWEEN TARGET AND INTERVENTION PRICES FOR
TAGS: EAGR, GE, US, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006